# RFI YH05-0020

# Medical Management Information System

Issued November 23, 2004

Jointly by

Arizona Health Care Cost Containment System

&

Hawaii Department of Human Services
Med-Quest Division

www.ahcccs.state.az.us

# *1. Introduction*

## 1.1 Reason for the RFI

The state of Arizona, through its Medicaid agency, the Arizona Health Care Cost Containment System (AHCCCS) in a joint effort with the state of Hawaii and its Medicaid agency, Department of Human Services, Med-QUEST Division (MQD) are issuing this Request for Information (RFI) to determine what vendors and technologies exist in the market place that can assist the agencies to cost effectively implement a new Medicaid Management Information System (MMIS).

The current legacy system, Prepaid Medical Management Information System (PMMIS), was developed by the state of Arizona in the late 1980s and implemented in 1991. In a joint effort between the two states, PMMIS was modified to support the needs of Med-QUEST in 1999 and HPMMIS was born. Both systems run on an IBM mainframe operated by the Arizona Department of Administration and is maintained by AHCCCS Information Services Division (ISD) staff. These systems are written primarily in Computer Associates CA-IDEAL programming language, use CA-DATACOM/DB database engine, and are run on an IBM mainframe platform. Due to the limited number of trained resources available for this technology, we have had to depend on consultant staff to maintain the system.

The new MMIS must provide the functionality of a traditional Medicaid Management Information System (MMIS), and in addition provide Capitation Payment, Premium Share Billing, Recipient Enrollment and Disenrollment in Health Plans (HP's), Managed Health Care Encounter Data Processing, and Enhanced Reporting capabilities. The MMIS system is the core system used by both AHCCCS and Med-QUEST to manage their respective Medicaid programs.

In addition to the MMIS software needs, AHCCCS and Med-QUEST are seeking information regarding services that may be available to assist in the on-going operation of their Medicaid programs. Services such as IT Infrastructure, IT maintenance, Fiscal Agent functions, etc. will be considered.

## 1.2 Background

**Arizona Medicaid Program**

The Arizona Health Care Cost Containment System (AHCCCS), which serves as the State's Medicaid agency, is a health care program primarily targeted at serving low-income Arizonans. The program consists of a public-private partnership that includes the State and its counties, the Federal government, and health plans and providers from both the public and private sectors. In State Fiscal Year 2004, AHCCCS will provide health care services to more than one million persons residing in Arizona. The Administration's main responsibilities include setting policy and controls for eligibility administration, member enrollment, and quality assurance of medical care, provider and plan oversight, and procurement of contract providers. AHCCCS uses both a prepaid capitated and fee-for-service (FFS) payment system, but the majority of payment arrangements are prepaid, providing quality health care while at the same time managing costs.

AHCCCS has operated under an 1115 Research and Demonstration Waiver since 1982 when it became the first statewide Medicaid managed care system in the nation. Now it is the state's largest health insurance purchaser with 18% of Arizonans served by the AHCCCS program.

**Hawaii Medicaid Program**

MQD is the unit within the Department of Human Services (DHS) that administers the medical assistance programs. Medicaid, a federal and state partnership program created by Congress in 1965, is the largest of the medical assistance programs and provides medical care to the low-income population. Hawaii QUEST (QUEST) is a Medicaid 1115 Waiver managed care program for qualified low-income persons who are not disabled, not over the age of 65, and not blind. The Medicaid Fee-for-Service (FFS) is a program for qualified low-income aged, blind and disabled persons.

Together, Medicaid covers approximately 180,000 individuals (143,000 in QUEST and 37,000 in Fee-for-Service). In addition to asset and income limits, the basic eligibility requirements for Medicaid include being 1) a U.S. citizen or qualified alien; 2) a Hawaii resident; and 3) not residing in a public institution such as prison or the State psychiatric hospital. Different eligibility categories such as pregnant women and children have different income thresholds and are not subject to an asset limit.

MQD also administers state-funded programs for immigrant women who meet requirements for the Breast and Cervical Cancer program and for immigrant children. Eligibility requirements are the same as for Medicaid, but there is no U.S. citizenship requirement. Eligible persons are placed either in the QUEST managed care plans or the Fee-for-Service program. Federal dollars are not claimed for these eligibility groups. The Social Services Division (SSD), another unit within the DHS, administers five Medicaid 1915 (c) Home and Community Based Services Waivers covering approximately 3, 900 individuals. Claims for these services are also processed through the HPMMIS.

## 1.3 Objectives and Goals

As part of a long term HIPAA strategy, both agencies plan to replace their mission critical PMMIS and HPMMIS with systems that are internally HIPAA compliant. We envision flexible and easily maintainable systems utilizing commonly available hardware and software solutions.

Along with this systems development, re-engineering business processes to improve overall operational effectiveness and to better prepare for the dynamic changes occurring regularly in healthcare will be considered.

The project goal is to replace outdated IT system architecture and software to better support program growth, claims processing, medical management, customer service, provider network data, financial reporting and customized health plan design.

Although this RFI is being issued with both states Medicaid programs in mind, no decision has been made if a shared system operating model/implementation will be used in the future. The two states could decide to undertake a joint effort for all or part of the MMIS project or they could decide to undertake separate implementation projects. Responses to this RFI should keep these options in mind particularly as it relates to level of effort and cost concerns.

An Advanced Planning Document (APD) has been submitted jointly with Hawaii to the Centers for Medicare and Medicaid (CMS) for enhanced funding of this project.

The purpose of this RFI is to gather information to help better plan appropriate Information Technology strategies as it relates to its overall goal of implementing a “state-of-the-art” Medicaid Management Information System (MMIS).

The Medicaid Information Technology Architecture (MITA) is supported by both states. As such, consideration for the MITA principles and guidelines will be a consideration in the selection of a new MMIS. At this time, Arizona and Hawaii are evaluating the possibility of participating with CMS as an early adopter of MITA.

This RFI solicits information from public and private individuals and organizations that offer products, services, and/or expertise that could assist AHCCCS in defining, designing, developing, implementing and operating a system capability that satisfies the following goals:

- Process Medicaid fee-for-service health care claims through a system that meets the Functional Requirements of an MMIS.
- Assist the agencies with meeting their responsibilities in the areas of fiscal management, budget forecasting, policy development, program evaluation, rate setting, and other data analysis activities to support the Medicaid program. Both states expect to utilize the system to perform functions for both claims and encounters, separately, in total, as well as in comparison.
- Assist agency staff in performing utilization management reviews to ensure the best and most appropriate care is provided to its recipients in the most cost effective way possible. These will be based on both claims and encounter data (separately, together, and in comparison). The system is expected to support access to, manipulation of, and investigation of data for utilization review.
- Calculate monthly capitation payments to be made to the contracted Health Plans based on categorical capitation rates, and enrollment and eligibility information.
- Collect premiums from certain eligible individuals designated to partially pay for their health care, and provide an accounting of those collections.
- Enroll and disenroll Medicaid eligible recipients in health plans through a process that affords recipients with a choice of health plans, while assuring that all family members are enrolled in the same health plan; provides for automatic enrollment in a plan if the recipient does not select a health plan within a prescribed period of time; and offers an annual open enrollment period to allow recipients to change plans if they so desire, while not allowing changes at times other than the open enrollment period except in certain situations.
- Provide fiscal agent services necessary for the processing of fee-for-service claims, including but not limited to the production and mailing of Medicaid eligibility cards to recipients; provider training; development and distribution of provider manuals; revisions to manuals and provider bulletins; response to provider inquiries; claims receipt and adjudication; resolution of suspended claims; reviewing medical authorization requests; ; mailing of recipient explanation of benefits, provider checks, remittance advice, and other provider-related materials.

- Permits batch or real time update of eligibility from eligibility agencies.

AHCCCS and Med-QUEST are seeking information that would lead to a cost effective, speedy implementation that will, to the extent possible, maximize the use of Commercial Off The Shelf (COTS) software.

The emphasis of this RFI should be on existing systems that are CMS certified and would require minimal modifications to meet the states MMIS needs. We are interested in all possible COTS solutions.

## 2. Program Overview

### 2.1. Program Statistics by State

**Table 2-1**

| | Med-Quest | AHCCCS |
|---|---|---|
| **Encounters** | ***Monthly Volume*** | ***Monthly Volume*** |
| Hospital | 15,000 | 120,000 |
| Medical | 125,000 | 1,400,000 |
| Dental | 500 | 45,000 |
| Pharmacy | 80,000 | 700,000 |
| | | |
| **Contracted Health Plans** | ***Count*** | ***Count*** |
| Medical | 3 | 9 |
| Dental | 2 | N/A |
| Behavioral | 3 | 1 |
| Long Term Care | N/A | 40 |
| | | |
| **Providers** | ***Count*** | ***Count*** |
| | 8,500 | 85,000 |
| | | |
| **Eligible Recipients** | ***Count*** | ***Count*** |
| | 180,000 | 950,000 |
| | | |
| **Claim Lines Processed** | ***Monthly Volume*** | ***Monthly Volume*** |
| | 300,000 | 350,000 |
| | | |
| **Prior Authorizations** | ***Monthly Average*** | ***Monthly Average*** |
| | 3,000 | 3,000 |

## 3. The Request for Information Process

### 3.1. Format of Response (Information)

Respondents are requested to provide a written executive summary, suitable for public discussion that will provide the following:

3.1.1 An explanation on how your proposed system would meet the stated goals of each state;
3.1.2 A description of the key barriers that exist or are envisioned; and
3.1.3 A description of the key enablers that exist or are envisioned.

To accompany the executive summary described above, Respondents are also requested to respond to the questions in Section 3.2 in a narrative form, indicating the question and then the response immediately following it. Supplemental information, such as product literature, may be submitted in lieu of a narrative response. If a respondent chooses to submit supplemental information in lieu of a narrative, the response to the particular question should reference the specific location in the supplemental material (e.g. Product Brochure Name and page number).

In addition we have provided three (3) “Functions and Features” tables which we are asking respondents to complete. The tables indicate (at a high level) the functions and features of the various MMIS components (i.e. MMIS, DSS/EIS, Managed Care, and Functions and Features). The functions and features tables are at the end of this section.

General instructions on the completion of the forms follow:

- Table 3-1 ”Functions and Features of MMIS” - Each heading under the column titled “MMIS Requirements” refers to a specific MMIS requirement per State Medicaid Manual Part 11,Section 11300, "System Requirements" or a desired functionality.

- Table 3-2 “Functions and Features of Decision Support/Executive Information Systems” - Each heading under the column titled DSS/EIS Functionality refers to a general section of the DSS/EIS as defined in Section 2 of this document.

- Table 3-3 “Managed Care Functionality” - Each heading under the column titled Managed Care Functionality refers to a general section of processing of Managed Care information as defined in section 2 of this document.

If the software product about which you are providing information currently meets the requirement, place an ‘X’ under the column “Existing System Capability;” if the software product requires modification to comply with the requirement, place an ‘X’ under the column “System Requires Modification;” if a new program or set of routines needs to be developed to meet the requirement, place an ‘X’ under the column titled “New Module Required.” If there is no capability within the system to meet the requirement but you would be willing to subcontract with another firm to provide that capability, place an ‘X’ under the column titled “Sub-Contract to Provide Function.” If a column is not applicable, leave it blank.

### 3.2. Information Requested

Respondents are requested to supply the requested information (or that portion of the information that is most appropriate to their expertise) that would assist the states to conceptualize their MMIS IT strategies. We are seeking information that would lead to a cost effective, speedy implementation that will, to the extent possible, maximize the use of Commercial Off The Shelf (COTS) software.

**System/Product Related Questions:**

1. What COTS packages are there, that can meet some or all of our IT needs as described previously?

2. What percentage of our IT needs can be met by COTS packages?

3. What applications within the MMIS should be addressed by COTS packages to obtain the maximum benefit of their utilization?

4. What groups of tasks can/should be bundled and bid together to make the most use of COTS packages?

5. What information can you provide on existing COTS packages?

6. Are there COTS packages that specialize in Managed Care Monitoring?

7. Approximately what percent of the proposed system will require modification to meet each stated MMIS need?

8. For those COTS packages that meet some or all of the MMIS needs:
   - Indicate degree of compliance with our system needs
   - Are these functions and features available now, in-development, or planned for future implementation
   - If available now, indicate the degree of compliance with our needs (i.e. fully, partially)
   - If in development or planned, indicate expected availability date
   - Describe the technical environment (hardware, software, operating and communication environments, DBMS, etc.) of the COTS package.

**Vendor Related Questions:**

1. Describe the products and services you can provide to address the agencies needs. In particular, discuss whether your organization is strictly a software vendor or whether your firm would act as the State's Fiscal Agent for the Medicaid Program.

2. Describe the solution your firm would propose to address our needs as depicted in the RFI.

3. Indicate the availability of qualified staff (technical and domain experts) to support the project.

4. Please describe whether your organization can support all IT needs or whether your firm would utilize the services of a subcontractor(s) to meet certain requirements. If you would utilize subcontracted services, provide the same information about the subcontractor as you are providing about your organization. Additionally, describe how you would propose to manage the project as a prime contractor.

5. Describe the availability of implementation support and technical assistance throughout the project life cycle.

6. Provide an estimate (high/low) of how long you believe the solution you are suggesting would take to implement. If you would implement the system in a phased approach, please describe the phases, outcomes at the end of each phase, and timelines.

7. Please describe what assumptions you have made in responding to this RFI. e.g. staff resource requirements, turn around time frames, deliverable review time frames, level of requirements definition.

8. Describe your organization
   - Annual Sales ($)
   - Years in business
   - Number of employees
   - Number of customers
   - Products/services offered
   - Current similar development efforts
   - Current similar operations contracts

9. Provide your company's 5 most recent references for Medicaid projects (name and telephone, nature of the project time to implement, project start and end dates, and budget/actual costs).

10. Please indicate whether your firm would be willing to perform an operational test with live data, or to perform a demonstration of your system's capabilities.

11. Please describe your pricing methods for the following:

    One time (development)
    - Firm fixed price
    - Time and material
    - Level of effort
    - Other

Please describe your pricing methods for the following:

Ongoing (operations and maintenance)

- Time and material
- Level of effort
- Transaction-based
- Firm, fixed amount per month
- Other (i.e. PMPM)

12. Based on your pricing methods, what would be your estimate of the cost of the products/services that you could supply? Based on your estimate of the pricing range, please provide what percentage of your pricing would be actual man-hours cost and what percent would represent hardware/software costs.

| Development Costs | % Man-hrs | % hardware/ software |
|---|---|---|
| <$10,000,000 | | |
| $10,000,001 - $20,000,000 | | |
| $20,000,001 - $30,000,000 | | |
| $30,000,001 - $40,000,000 | | |
| $40,000,001 - $50,000,000 | | |
| >$50,000,001 | | |

| Annual Operating Costs | % Man-hrs | % hardware/ software |
|---|---|---|
| <$2,000,000 | | |
| $2,000,001 - $4,000,000 | | |
| $4,000,001 - $6,000,000 | | |
| $6,000,001 - $8,000,000 | | |
| $8,000,001 - $10,000,000 | | |
| >$10,000,001 | | |

13. Please complete the following table related to development cost ranges:

| Cost Ranges | Arizona only | Hawaii only | Combined |
|---|---|---|---|
| <$10,000,000 | | | |
| $10,000,001 - $20,000,000 | | | |
| $20,000,001 - $30,000,000 | | | |
| $30,000,001 - $40,000,000 | | | |
| $40,000,001 - $50,000,000 | | | |
| >$50,000,001 | | | |

14. What criteria should be used to evaluate prospective vendors of COTS packages or professional services?

15. What experience does your firm have implementing COTS packages?

16. What experience does your firm have implementing COTS packages for Medicaid applications?

17. What percentage of customization of your product would be necessary to meet the needs expressed in this RFI?

**General Questions:**

1. Describe the system delivery options that are available and the pros/cons of each. Discuss topics like open source code, system customization, software licensing, on going maintenance, system operations, etc.

2. How can the States maximize system functionality while reducing costs (to develop and operate) while minimizing time to implement?

### 3.3. Contacts for Inquiry

Respondents or potential respondents are requested to direct any and all questions regarding this RFI to:

Gary Callahan, Contract Manager
**AHCCCS Contracts & Purchasing**
701 E. Jefferson Street, MD 5700
Phoenix, Arizona 85034
E-mail: glcallah@ahcccs.state.az.us
Phone: (602) 417-4538

All respondents are requested to identify one of their staff as a contact person in case AHCCCS/MQD has any questions regarding the responses to this RFI.

### 3.4 How to Submit

Please submit 2 sets of your written response and 2 electronic sets no later than 4:00 PM. MST, **Friday, January 7, 2005** to:

Gary Callahan, Contract Manager
**AHCCCS**
Contracts & Purchasing, MD 5700
701 E. Jefferson Street
Phoenix, Arizona 85034

Please note "**RFI # YH05-0020"** clearly on the outside of the envelope/package.

### 3.5. Confidentiality of Information

Respondents shall not make any public statements in relation to this RFI without the prior written approval of AHCCCS and Med-QUEST.

All information submitted to AHCCCS/MQD in response to this RFI will be held in confidence to the extent that applicable law permits.

### 3.6 Non-Binding Documents

The issuance of this RFI in no way binds nor commits the State of Hawaii nor the State of Arizona to issue an RFP or to contract for the products or services which may be indicated herein. Similarly, responses to this RFI in no way bind or commit respondents to furnish any of the products or services indicated in their responses. No award shall result from this inquiry.

### 3.7 Ownership of Documents

All documents submitted in response to this RFI shall become the property of The State of Arizona and the State of Hawaii.

**Table 3-1**
**Functions and Features of**
**Medicaid Management Information Systems (MMIS)**

| **MMIS Requirements** | Existing System Capability | System Requires Modifications | New Module Required | Sub-Contract to Provide Function |
|---|---|---|---|---|
| General Requirements | | | | |
| Recipient Subsystem | | | | |
| Provider Subsystem | | | | |
| Claims Processing Subsystem | | | | |
| Reference File Subsystem | | | | |
| SUR Subsystem | | | | |
| MAR Subsystem | | | | |
| Data Requirements | | | | |
| System Documentation | | | | |
| Input Validation and Control | | | | |
| Edit and Audit | | | | |
| Adjudication and Payment | | | | |
| Audit Trail | | | | |
| Operational Information | | | | |
| Program Mgmt Information | | | | |
| System File Requirements | | | | |
| TPL Processing | | | | |
| EDI of Claim/ Encounter Data | | | | |
| EDI of Remittance Advice | | | | |
| EFT of Provider Payment | | | | |
| National Provider Identifier | | | | |
| National Payer Identifier | | | | |
| Medical Mgmt Subsystem | | | | |
| MSIS Data Extracts | | | | |
| FFS Financial Analysis | | | | |
| Electronic Eligibility Verification System | | | | |
| Electronic Media Claims Capture | | | | |
| Pharmacy Point of Sale Claims | | | | |
| Drug Rebate Processing | | | | |
| Internally HIPAA compliant | | | | |

**Table 3-2**
**Functions and Features of**
**Decision Support/Executive Information Systems**

| **DSS/EIS Functionality** | Existing System Capability | System Requires Modifications | New Module Required | Sub-Contract to Provide Function |
|---|---|---|---|---|
| Data Warehouse | | | | |
| Predefined Reports | | | | |
| Flexible and easy access to data | | | | |
| 'What-if' query and data modeling | | | | |
| Aggregated/ summarized data | | | | |
| Pre-established data groupings | | | | |
| Predefined Queries | | | | |
| Library retention of user-defined queries | | | | |
| Library of reports retention/storage | | | | |
| User-developed queries | | | | |
| Supports a variety of users needs | | | | |
| Internally HIPAA compliant | | | | |
| Output presentation using graphics | | | | |
| Output presentation using mapping | | | | |
| Output presentation using report formatting tools | | | | |
| Decision modeling capabilities | | | | |
| Statistical modeling | | | | |
| Batch data extraction and reporting | | | | |
| On-line data extract and reporting | | | | |
| Robust query capabilities | | | | |

**Table 3-3**
**Managed Care Functionality**

| **Managed Care Functionality** | Existing System Capability | System Requires Modifications | New Module Required | Sub-Contract to Provide Function |
|---|---|---|---|---|
| Encounter Data Processing | | | | |
| Capitation Payments to Plans | | | | |
| Premium Share Collection | | | | |
| Health Plan Network Analysis | | | | |
| Health Plan Financial Analysis | | | | |
| Recipient Enrollment/ Disenrollment | | | | |